

*Black v. PBGC*

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Renewed Mot. Dis. Def. U.S. Dep't Treas.,  
Pres. Task Force on Auto Indus., Timothy F.  
Geithner, Steven L. Rattner, Ron A. Bloom

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What GM's IPO means to Detroit  
Chrissie Thompson  
Detroit Free Press

Nov. 18--What's at stake in GM's initial public offering?

GM sold up to 549.7 million initial common shares at \$33. Trading begins today in what's likely the largest common stock IPO in U.S. history.

#### FOR TAXPAYERS

In the IPO, the U.S. government is pocketing up to \$13.6 billion, which would reduce taxpayers' stake in GM from 60.8% to 33.3%.

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Still, the selling price of \$33 per share means the government will need to average \$52.80 per share on future stock sales to break even on its \$49.5-billion investment. How close the government gets may determine the final verdict on the political success of the GM rescue.

#### FOR INVESTORS

Everyday people now have a shot at buying a piece of GM. Most IPOs are priced with the hope of gaining 10% on the first day, and GM is no different, a person familiar with the planning said.

But given GM's cleaner balance sheet, lower break-even point and labor costs and fewer U.S. brands, some analysts say the stock is easily worth more than \$40 per share.

#### FOR GM COMMUNITY AND DETROIT

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Demand for GM's IPO is high. If GM's stock gains more than 10% today, that's a vote of confidence, but critics may say the U.S. government should have pushed for a higher price.

Investor confidence and accolades for the Chevrolet Volt are cheering GM employees who pressed through a bankruptcy 17 months ago.

Tim Greig, design manager for Volt interiors, said, "I hope the rest of the world will ... know that GM hasn't lost its way. We're back."

GM hopes stock doesn't trade up too much

All companies want a hot initial public offering. But General Motors' executives and owners like the U.S. Treasury are hoping trading today -- GM's first day back on the stock market in more than 17 months -- keeps from getting too hot.

GM's \$33-per-share common stock price was chosen with the hope that the stock doesn't trade up too much today, said a person familiar with the situation, declining to be identified because IPO preparations are private.

Most IPOs shoot for a 10% lift on the first day of trading, and GM is no different, the person said. But if investors show they think the initial valuation of the stock was far higher than \$33, the U.S. Treasury could face complaints that it left taxpayer money on the table. And too small a pop or even a loss will hurt the Treasury's chances of selling the rest of its shares.

In the first case, "It would look like the investment community was benefiting at the expense of the taxpayer," said Matt Therian, an analyst at Renaissance Capital, whose research follows IPOs.

But after a three-month rally, the market lost momentum this week as investors worried about the European economy.

If GM stock posts a loss today, "it could take any momentum and discourage people from buying it," Therian said. That's not what the government wants, since it plans future stock offerings as soon as next year to further reduce its stake.

In total, GM's stock offering will total \$20.1 billion, or, more likely, \$23.1 billion if the allowed 15% of extra shares are sold over the next 30 days to accommodate demand.

With the extra shares, the common stock alone will be worth \$18.1 billion, for the second-largest IPO in U.S. history. Visa's 2008 IPO of \$19.7 billion holds the record.

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The IPO includes at least 478 million common shares and 87 million shares of Series B preferred stock. The preferred shares, priced at \$50 each, will receive dividends and then convert to common stock on Dec. 1, 2013, GM said Wednesday.

Including the likely 15% boost in shares, the IPO includes up to 412 million shares from the U.S. government, which will take its stake in GM to 33.3% from 60.8%.

The U.S. Treasury needed to average \$43.67 per share to recoup its entire \$49.5 billion investment in GM, \$40 billion of which was converted into common stock. At \$33 per share, taxpayers will recoup up to \$13.6 billion on the IPO. If the extra 15% of shares are sold, the government will need to sell its remaining shares in GM at an average of \$52.80, after a waiting period of at least six months.

The Obama administration contributed only \$36.1 billion of the total investment in GM, since former President George W. Bush first gave aid to Detroit automakers.

Still, "I want to get all of it back," said Sen. Debbie Stabenow, one of the state's two Democratic U.S. senators.

This morning's trading will start as CEO Dan Akerson rings the opening bell of the NYSE, people familiar with the situation said. Then, it typically takes between 15 minutes and an hour for a new stock to start trading on the NYSE, analyst Therian said.

The U.S. Treasury, the UAW health care trust and the Canadian government have already unloaded their stock to investor firms that participated in the IPO. So the stock will likely start trading at least a few cents higher or lower than \$33, as new investors -- including everyday people -- buy the stock from firms that are flipping -- selling their stock right away.

Over the coming days and weeks, trading will show what the market truly thinks GM's stock is worth. Analyst Kirk Ludtke of CRT Capital Group in Stamford, Conn., has said he thinks the shares are worth \$45. Analyst David Whiston of Morningstar in Chicago valued the stock at \$44.

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---- INDEX REFERENCES ----

COMPANY: GENERAL MOTORS DE ARGENTINA SRL; IPO INSTITUT DE PARTICIPATIONS DE L'OUEST SA; RENAISSANCE CAPITAL; GENERAL MOTORS FINLAND OY; GENERAL MOTORS ISRAEL LTD; GENERAL MOTORS AUSTRALIA LTD; GENERAL MOTORS HOLDENS SALES PTY LTD; US TREASURY; GENERAL MOTORS ITALIA SRL; GENERAL MOTORS NEDERLAND BV; GENERAL MOTORS POWERTRAIN KAISERSLAUTERN GERMANY GMBH; GENERAL MOTORS INVESTMENTS PTY LTD; GENERAL MOTORS POWERTRAIN EUROPE SRL; RENAISSANCE CAPITAL FINANCE LTD; RENAISSANCE CAPITAL GROUP LTD; CRT CAPITAL GROUP LLC; GENERAL MOTORS OVERSEAS

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